



Denali Commission Update January 2004

On-line Reporting Begins

As part of the Denali Commission's ongoing commitment to E-Gov solutions and transparent government, all funding recipients will soon be required to provide quarterly progress reports on-line through the Commission's Project Database System.

All funding recipients will be required to provide Fiscal Year 2004 first quarter reports, which are due on January 30th 2004, through the Project Database. This new electronic reporting will provide many benefits to recipients and the public including:

- Reduced time spent on reporting by recipients
- Simplified "Wizard" reporting process
- Progress information on Commission projects available to the public "real-time"

Funding recipients have received detailed instructions on this new requirement and an invitation to a **training session on January 8, 2004 from 1pm to 5pm. Please call 271-1414 to RSVP and obtain additional information.**

If you have any questions please contact:

Michelle O'Leary

Denali Commission

(907) 271-1414 or 1-888-480-4321

Investment Policy

The Denali Commission is committed to accelerating the building of sustainable infrastructure in rural Alaska to enhance the health and safety of rural residents and to provide the underpinnings for economic opportunity. The Investment Policy is intended to help the Commission deliver the greatest possible benefit to the greatest number of Alaskans by providing measured responses to site specific conditions. The policy provides guidance for designers to tailor facilities based on investment indicators such as size of community and population trends, imminent environmental threats, proximity/access to existing services and/or facilities, per capita investment benchmarks, unit construction cost, and good faith. These indicators along with other relevant information provide an investment framework which will guide the selection and appropriate funding of sustainable projects by the Commission and its program partners. The policy also provides guidelines for consideration of appropriate alternatives where investment in standard facilities is not warranted. Alternatives include smaller, modular or relocatable facilities, and/or limited services as appropriate.

A revised Draft Investment Policy (as of December 2003) is currently under review by Commissioners. Copies of the Draft Investment Policy and a summary of the written comments received through the public comment period ending November 20, 2003 can be found at the Denali Commission website (www.denali.gov). For more information, please contact Yuri Morgan (907.271.2372, 907.271.1415 fax, ymorgan@denali.gov).

Access

As the Denali Commission continues its primary commitments in the energy and health arenas, there is on the horizon the potential for the Commission to address some of Alaska's basic access infrastructure needs. While its involvement in Access remains uncertain, the Commission has over the past year been working to understand opportunities for its participation. The Commission has met with many individuals and organization representatives from around the state to gain their perspectives and recommendations on a potential role for the Commission in addressing unmet needs. The Denali Commission will continue in an information gathering mode through 2004. For more information on the Commission's efforts on issues relating to access, please contact Yuri Morgan (907.271.2372, 907.271.1415 fax, ymorgan@denali.gov).

Denali Training Fund

The Denali Training Fund was established by the Denali Commission to ensure that rural residents have the skills to become employed on the construction, operations and maintenance of Denali Commission and other State and Federal funded public infrastructure projects. The Fund is managed by the State of Alaska Department of Labor and Workforce Development (DOL).

The next deadline for applications was December 15, 2003.

For more information or to apply:

Download an application from www.denali.gov (under Programs – Training) or contact:

Gerry McDonagh, Grants Administrator

State of Alaska, Alaska Workforce Investment Office

(907) 269-4551

Multi Use Facility

A total of 31 Letters of Interest (LOI) were received in response to the request for LOIs issued in October for Denali Commission Federal FY 2004 Multi-Use Facilities funding. In total over \$20 million Denali Commission funds were requested for Multi-Use Facilities across Alaska. Of the 31 LOIs 13 communities have been selected to submit a full proposal and compete for FY 2004 Multi-Use Funding.

1. City of Delta Junction
2. Native Village of Eyak
3. Healy Tri Valley Volunteer Fire Department, Denali Borough
4. City of McGrath
5. Naukati West, Inc.
6. Nanwalek IRA Council
7. Native Village of Napakiak

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8. Nenana Native Council
 9. Old Harbor Tribal Council
 10. Native Village of Shaktoolik
 11. Sleetmute Traditional Council
 12. City of St. Michael
 13. Native Village of Unalakleet

Communities will have until February 27, 2004 to submit the required proposal and documents for funding consideration. Please contact Rachael Petro, Multi Use Facilities Program Manager, at rpetro@denali.gov or 907-271-1414 with questions.

Washeterias

On December 18, 2003, Requests For Proposal letters were sent to eight communities inviting them to participate in the FY 2004 Washeteria Program. All communities submitted Letters of Interest and were in good standing with the IRS. Proposals are due February 27, 2004. Anticipated funding is \$2.5M.

Communities include: Anvik, Chignik Lake, Chistochina, Kwigillingok, Nightmute, Nunapitchuk, Pilot Point, and Pitka's Point.

Projects initiated during FY 02 and 03 will go onto the new, on-line reporting system after January 1, 2004. Of the 19 projects in motion, eight are expected to file close-out documents during the next quarter.

Energy Program

For Federal Fiscal Year 2003 the Commissioners authorized allocation of up to \$50 million for bulk fuel and power projects meeting Commission criteria (resolution 03-01). In addition, the Commissioners authorized up to \$7.9 million for several energy-related projects named specifically in the appropriations bills included under the FFY03 Omnibus funding bill. These projects are being administered by the Alaska Energy Authority on behalf of the Denali Commission. They also are subject to complying with Denali Commission criteria to receive funding, such as having other funding in place to complete the project, having required matching funds available, having site control for construction projects, etc.

The energy program receives about 60% of the Commission's funding for infrastructure projects. Energy projects have received over \$174 million since the genesis of the Denali Commission, including \$50 million in the federal fiscal year (FFY) ending September 30, 2002 and \$56.95 million in FFY 2003. This is leveraging over \$110 million from other funding sources. The appropriations for FFY04 are anticipated to support approximately \$30 to 40 million for bulk fuel and power projects.

The two primary energy program partners used to complete projects are **Alaska Industrial Development and Export Authority/Alaska Energy Authority (AIDEA/AEA)** with \$106.5 million for statewide energy projects plus \$7.9 million for legislative energy projects and **Alaska Village Electric Cooperative (AVEC)** with \$54 million presently funded for statewide energy projects.

Bulk Fuel Upgrades

Bulk Fuel Upgrades are the largest part of the Energy program at \$97.5million. AEA completed bulk fuel projects in **Chignik Bay, Nikolski, Port Heiden, Arctic Village, Tanana, Kongiganak, Nunam Iqua and Saint George** in 2002. AVEC completed pipeline projects in **Shungnak, Ambler and Huslia** in 2002, as well as tank farms in **Elim, Tununak and Anvik**. Projects to be completed by AEA this year **include Akhiok, Alatna, Aleknagik, Allakaket, Buckland, Chenega Bay, Egegik, Golovin, Igiugig, Lime Village, Kokhanok, Nikolai, and White Mountain**. AVEC will complete **Selawik, Kaltag, Upper and Lower Kalskag, and Koyuk** in 2003.

Rural Power Systems Upgrades

Rural Power Systems Upgrades and other energy projects represent approximately \$76.2 million of the Energy program. Power plant upgrades and line extension projects experienced delays in 2002, with some projects moved into a 2003 completion. The power plant upgrade in **Kotlik** and power plant upgrades or electrical distribution upgrades in, **Kiana, Huslia, Kivalina, Quinhagak, Pilot Station, Savoonga, and Toksook Bay**, were completed in 2002. RPSU projects scheduled for completion in 2003 include **Atmautluak, Golovin, Kaltag, Upper and Lower Kalskag, Kasigluk, Koyukuk, Nunam Iqua, Selawik, Tuluksak, and White Mountain**.

Sustainable Development

Our continuing emphasis remains the refinement and development of business plans for communities to operate their new bulk fuel and rural power facilities in a sustainable manner. The preliminary business plans must be agreed to, and site control attained, before the Denali Commission will authorize construction phase funding on any new energy projects. The first financial assistance award for a secondary operator to enter into a mentoring and training relationship for village electric utility operations was issued in 2002. A new mentorship award for a bulk fuel project is under development. This initiative is funded through the Denali Commission training program.

Another initiative to enhance sustainability in bulk fuel operations is the developing concept for a Rural Alaska Fuel Services Corporation. The Commissioners agreed at the January 24, 2003 quarterly meeting (resolution 03-10), to contribute seed money to complete a business plan and preliminary market survey for a regional bulk fuel storage facility management and fuel purchase organization. . This non-profit corporation is now seeking members across the state. It has the ability to act as a primary or secondary operator for bulk fuel facilities, providing standardized operations across rural Alaska, and also has the potential to assist members in fuel procurement. Members will receive a full range of services to keep their facilities operational and in compliance with regulatory requirements. Non-members will be able to contract for specific services as well, such as pipeline pressure testing.

The Denali Commission, the Alaska Energy Authority, and the Regulatory Commission of Alaska recently formalized roles, agreements and understandings in a Memorandum of Agreement Regarding Sustainability of Rural Power Systems. These three organizations will continue to work together to achieve sustainable and cost effective rural energy systems in Alaska. The text of the Memorandum can be seen at: [\(Click for Sustainability of Rural Power Systems File\)](#).

An Energy Program Advisory Committee (EPAC) was established in January 2002 to include more broad experience in energy program development and operation, and help evolve new program directions. Revisions to energy policies developed through discussions with the EPAC were issued on April 26, 2002, and may be viewed on our web page at www.denali.gov. A final version of the Private Enterprise Policy was approved at the April 30, 2003 quarterly meeting of the Commission. This is also posted on the web page. The Private Enterprise policy applies to all Denali Commission programs, not just energy.

To continue to make the best use of limited available funding, the Commission issued a cost containment policy in 2002. This policy is to help ensure all projects are treated on an equitable basis and provide an appropriate level of service to the communities. It is also posted on the Denali Commission web page. An analysis of initial results is currently underway. In addition to the cost containment and sustainability policies, the Commission seeks to formally document some of the parameters which may be considered in making decisions on appropriate infrastructure investment funding and capacity. This draft investment policy can be viewed on our web page. It will be presented to the Commissioners for consideration as a final policy at the January 23rd Commission meeting in Sitka.

Other News of Interest

RUS announced in July the High Energy Cost Grant Awards for their remaining FFY 2002 appropriation for projects in extremely high energy cost communities: These grants were competitively selected from a nationwide Notice of Funding Availability. Alaskan communities received three grants. The complete list and description of projects is posted at <http://www.usda.gov/news/releases/2003/07/0253.htm>.

Two Memoranda of Understanding have been completed this year with US Fish and Wildlife Service (USFWS) to help protect the endangered Spectacled Eider population in eastern Norton Sound, especially in relation to construction and operation of Denali Commission funded bulk fuel tank farms around Norton Sound. The first MOU is between USFWS and the marine fuel transporters, while the second is between USFWS, the Commission, AEA and AVEC. Both seek to enhance public awareness of dangers to the eider population and to concentrate the delivery of fuel into time periods least likely to harm populations of molting birds. The full text of these MOUs can be seen on our web page. ([USFWS – Marine Fuel Transporters](#)) ([USFWS, The Commission, AEA, AVEC](#))

Energy Program Contact Information:

Organization	Contact
<i>Denali Commission</i>	<i>Kathy Prentki, (907) 271-1414</i>
<i>AIDEA/AEA</i>	<i>Mike Harper, (907) 269-3000</i>
<i>AVEC</i>	<i>Meera Kohler, (907) 561-1818</i>
<i>EPAC</i>	<i>Eric Yould, (907) 563-2550</i>

Health Facilities Program

FY04 Anticipated Funding

On October 10, 2003 the Commission issued a preliminary Fiscal Year (FY) 2004 Notice of Funding Availability (NOFA) for Health Facilities projects. The NOFA announced the anticipated availability by April 1, 2004 of approximately \$40 to \$50 Million for health facility projects.

Organizations interested in developing rural hospital improvements, Assisted Care Living and Behavioral Health Facilities were asked to submit Letters of Interest (LOIs) by November 25, 2003 (construction ready projects) or January 30, 2004 (conceptual planning projects). The number of construction ready submissions in each category, along with the corresponding funding requests is listed in the table below.

FY04 Funding Category	# of LOI Submissions	Denali Commission Funding Request
Primary Care in Rural Hospitals & "Other" Categories	15	\$21 Million
Assisted Living	5 (4 for construction)	\$11 Million
Behavioral Health	13 (11 for construction)	\$15 Million
TOTAL	33	\$ 47 Million

A summary of these LOIs will be presented to the Commissioners at the 1-23-04 Quarterly meeting in Sitka for their consideration.

Revised Template Clinic Business Plan and Conceptual Planning Projects

The Commission is revising its business plan process to allow for all types of health facilities. These documents will be posted by the end of January 2004.

Water Export Study

The Denali Commission received limited federal fiscal year 2003 funding to study the rural development opportunities, costs and logistics of shipping and marketing new domestic water supplies outside of Alaska. The Commission selected Northern Economics to produce the Water Export Study detailing the financial and technical feasibility of water export from Alaska.

The Commission received the draft study report in December, which is posted on our web site, www.denali.gov. The Commission is requesting comments from Alaskan water sales businesses, their affiliates, or interested parties through January 15.

Program contact: Paul McIntosh, (907) 271-1640, pmcintosh@denali.gov.

Mini-Grant Program

The Denali Commission and the Forest Service have co-funded the Mini-Grant program for the last several years, and the Alaska Department of Community and Economic Development, Division of Community Advocacy (formerly the Division of Community and Business Development) has managed the program.

On April 30, 2003, the Commission authorized continuation of funding for the Mini-Grant program, and allocated \$250,000 to the program. The Forest Service co-funded the program with \$320,000.

Of the 62 applicants that passed the threshold review this year, DCED offered Mini-Grants to 17 successful applicants. Commissioner Blatchford notified applicants of the results in late October. For list of the latest awards, see: http://www.dced.state.ak.us/dca/grt/pub/FY04_Mini-Grant_Award_List.pdf.

For 2004 Mini-Grant program information, see:
http://www.dced.state.ak.us/mra/GRT/MRAD_rda.htm.

The Commission will consider further funding for this program at its January Quarterly Meeting.

Program contact: Jo E. Grove, (907) 452-4468; Jo_Grove@dced.state.ak.us

Alaska Growth Capital

The Commission has invested over \$3.8 million in the Alaska Growth Capital (AGC) program to help stimulate private sector business in distressed rural Alaska communities. AGC focuses on businesses that don't have access to commercial loans.

In 2002 AGC made 18 loans for a total of over \$20 million. AGC continues to finance businesses throughout rural Alaska and support them with high quality technical assistance.

On April 30, 2003, the Commission allocated an additional \$1 million to be awarded to Alaska Growth Capital under revised performance standards.

The Commission will consider further funding of this program at its January Quarterly Meeting.

For more information, see: <http://www.alaskagrowth.com/main.html>.

Program Contact: David Hoffman, (907) 339-6760

Initiative for Accelerated Infrastructure Development

The Commission decided at its January 2003 meeting to continue partial funding of this community profile mapping program with a second allocation of \$300,000. Alaska Department of Community and Economic Development will manage the mapping effort.

USDA Rural Development, Alaska Department of Community and Economic Development (DCED), Alaska Department of Transportation and Public Facilities, Alaska Village Electric Cooperative, Alaska Native Tribal Health Consortium, Boroughs, communities, Alaska Regional Development Organizations, and Community Development Quota organizations have all contributed or pledged funding for completion of additional community profile maps.

The first regions to participate in this accelerated mapping program are the Lake and Peninsula Borough and the Aleutians East Borough. Work is well under way on maps for the communities in these Boroughs. Aerial photography has been completed for 10 communities in the Bristol Bay region. The Coastal Villages Region Fund (CDQ) is actively pursuing matching funds for mapping of 8 communities in the Lower Kuskokwim area. Kawerak, Inc., in coordination with the Bering Straits Economic Development Council (ARDOR), is also pursuing matching funds to map 15 communities in the Bering Straits area. DCED is in discussions with potential partners in other regions to generate interest in mapping more communities through this program.

The Commission will consider further funding of this program at its January Quarterly Meeting.

For more information, see: <http://www.dced.state.ak.us/cbd/mapping.htm>.

Program Contact: John Gliva, 269-4588; john_gliva@dced.state.ak.us